

October 17, 2006

Governor Brian Schweitzer
State Capitol
Helena, Montana
USA 59620-0801

Dear Governor Schweitzer:



TransCanada

In business to deliver

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Alex Pourbaix
President, Energy

I am very pleased to advise that TransCanada's NorthernLights Transmission project is taking an important step forward by initiating detailed siting and permitting activities in your State. This step complements our recent filings with the Bureau of Land Management to initiate the Federal permitting process. The NorthernLights line, which is expected to cost up to \$2 Billion, will provide a critical link between new renewable and clean coal generating projects in Montana and growing loads in Nevada, Arizona and southern California. This line will clearly complement other major transmission initiatives in the region.

TransCanada appreciates the leadership and enthusiasm you have shown with respect to this important infrastructure development. The fact that you and the Governors of Idaho and Nevada have signed a Memorandum of Understanding (MOU) to coordinate the siting and permitting of the project is a significant and important milestone. While the MOU doesn't determine an outcome, it does give TransCanada confidence that the three states will work together with their Federal counterparts to coordinate otherwise separate permitting processes. This government support, coupled with the extensive feasibility studies and preliminary siting work completed by TransCanada in the past several years, positions NorthernLights as the most advanced major transmission development in the west.

A project of this magnitude needs support from many market participants, both in Montana and in the larger region. To that end, we are in discussions with NorthWestern Energy as well as other key utilities in the western region, to seek their collaboration. Further, we have signed enabling agreements with nearly all of Montana's clean coal and renewable energy developers. Support and excitement for this important project are growing steadily.

Again, we deeply appreciate the support and encouragement we have received from your office and from your State's agencies. We look forward to working with you and the State of Montana to spur the development of new and environmentally attractive energy resources to meet the needs of Montanans and of growing markets in the southwest.

Sincerely,

A handwritten signature in black ink, appearing to be 'Alex Pourbaix', written in a cursive, flowing style.

Alex Pourbaix
President, Energy